
Credit Union Department



NEWSLETTER

No. 12-04

www.tcupd.state.tx.us

December 31, 2004

Notice of Legislative Advisory Committee Meeting

The Legislative Advisory Committee will meet on Friday, January 21, 2005, at 9:00 in Austin at the offices of the Credit Union Department. For your convenience, the agenda will be available on the TCUD website the week of January 3rd.

Annual Amendment to Regulation Z Commentary

The Federal Reserve Board published, in the August 16, 2004, Federal Register, its annual amendment to its Regulation Z Commentary related to the dollar amount that triggers requirements for certain home mortgage loans subject to 12 CFR 226.32. The Home Ownership and Equity Protection Act of 1994 established rules for home-secured loans in which the total points and fees payable by the member at or before loan closing exceed the greater of \$400 or 8 percent of the total loan amount. The \$400 amount is adjusted annually based on the annual percentage change in the Consumer Price Index as of June 1. The adjusted dollar amount for 2005 is \$510.

Effective January 1, 2005, the 12 CFR 226.32 points and fees trigger is the greater of \$510 or 8 percent of the total loan amount. This change can be found in the Regulation Z Commentary at 226.32(a)(1)(ii) - 2, which lists the annual adjustments.

Advertising Practices

One consequence of expanded fields of membership and increased competition has been the more frequent use of aggressive marketing campaigns. Although marketing may be an appropriate and necessary activity, credit unions should exercise diligence to ensure that, in promoting the credit union and/or its products and services, they avoid practices that could be construed as, or have the appearance of being deceptive or unfair.

Generally, a deceptive practice involves a representation or omission that is likely to mislead a reasonable person in some material way. Whether particular conduct constitutes an unfair practice would depend on the particular facts and circumstances presented, but generally would involve some type of false representation, a misleading claim, or failure to provide information.

The Department has become aware, through consumer complaints, of the failure of some credit unions to provide upfront information relating to the need to qualify for membership to be eligible for the advertised product or service. Such an omission of information is likely to affect a consumer's choice or conduct with respect to pursuing the opportunity and is deemed material. Accordingly, credit unions are reminded that consumers should be given clear disclosure that certain prerequisite requirements apply with respect to becoming a member and thereby being allowed to participate in credit union services.

FACT Act Compliance

While some provisions of the Fair and Accurate Credit Transactions Act (FACT Act) require that guidance or rules be adopted by NCUA before they can be implemented, at least four provisions were effective on December 1, 2004. These include:

- Fraud and active duty alerts;
- Blocking of information resulting from identity theft;
- Prevention of re-pollution of consumer reports; and
- Disclosure of credit scores.

Accordingly, credit unions should be developing compliance procedures, modifying systems, and training staff to implement these new requirements.

For more information on this subject, see the November 24, 2004 letter, GC 04-1140, on the NCUA website at:
http://www.ncua.gov/RegulationsOpinionsLaws/opinion_Letters/2004/04-1140.pdf

Year-end Call Reports

Call reports and diskettes for the year ending December 31, 2004, were mailed to each credit union on December 30th. The call report diskettes must be received in the Department's office or the data transmission files uploaded directly through eSend on or before **January 24, 2005**. Reports received after the date will be assessed a late fee.

Please direct any questions to Isabel Velasquez, Executive Assistant at (512) 837-9236.

New Year Wish

The Credit Union Commission and the Staff of the Department would like to extend our best wishes for a New Year of health, happiness, and prosperity.

Publishing Notice of Applications in the Texas Register

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the schedule included below. Completed applications received after the deadline for the month cannot be published until the following month.

<u>Published In</u>	<u>Deadline for Receipt</u>
January, 2005	Friday, January 14
February, 2005	Friday, February 11
March, 2005	Friday, March 11

Newsletter Notice

As required by statute, each state agency must obtain an annual confirmation from individuals receiving monthly publications at no charge. Specifically, the law requires that a notice be placed in three consecutive issues of the publication, and that anyone desiring to continue to receive the publication must so indicate in writing. Please submit the enclosed form to our office if you desire to continue to receive the Department's newsletter each month. Faxes are welcomed ([Click here for the form](#)).

If you responded to last month's notice, you need not take any further action.

Holiday Schedule for TCUD

The Department's office will be closed on **January 17, 2005**, in observance of Martin Luther King, Jr., Day.



2005 Meeting Schedule Austin, Texas

Commission Meetings

Friday, February 11, 2005	Location to be Determined
Friday, June 17, 2005	Location to be Determined
Friday, October 21, 2005	Location to be Determined

Legislative Advisory Committee Meetings

Friday, January 21, 2005	Credit Union Department Building
Friday, May 20, 2005	Credit Union Department Building
Friday, September 16, 2005	Credit Union Department Building

Meetings begin at 9:00 a.m. unless notified differently

APPLICATIONS APPROVED

Applications approved since November 30, 2004 include:

Credit Union

Changes or Groups Added

Field of Membership Change(s) Approved:

MemberSource Credit Union (Houston) (#1)	See Newsletter No. 10-04
Texas Dow Employees Credit Union (Lake Jackson) (#1)	See Newsletter No. 10-04
Texas Dow Employees Credit Union (Lake Jackson) (#2)	See Newsletter No. 10-04
Shared Resources Credit Union (Pasadena)	See Newsletter No. 10-04
Harlingen Area Teachers' Credit Union (Harlingen)	See Newsletter No. 10-04
Houston Highway Credit Union (Houston) (#1)	See Newsletter No. 10-04
Houston Highway Credit Union (Houston) (#2)	See Newsletter No. 10-04
Houston Highway Credit Union (Houston) (#3)	See Newsletter No. 10-04
First Central Credit Union (Waco) (Amended)	See Newsletter No. 10-04

Persons who reside, work, worship or attend school within a 10-mile radius of the office of First Central Credit Union located at: 227 E. Franklin Street, Hillsboro, Texas

Field of Membership Change(s) Vacated:

Telco Plus Credit Union (Longview) (#1) (Conditional)	See Newsletter No. 11-03
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Articles of Incorporation Change(s) Approved:

Associated Credit Union of Texas (Texas City)	See Newsletter No. 10-04
Kraft America Credit Union (Garland)	See Newsletter No. 10-04

APPLICATIONS RECEIVED

The following applications were received and published in the December 31, 2004 issue of the Texas Register.

Field of Membership Expansion(s):

InvesTex Credit Union (Houston) -- To permit persons who live in the North Harris Montgomery Community College District, to be eligible for membership in the credit union.

Texas Bay Area Credit Union (Pasadena) -- To permit persons who live, work, attend school, or worship in and businesses located within 10 miles of the offices of Texas Bay Area Credit Union located at 1301 Highway 225, Pasadena, Texas 77506, 15245 Wallisville Road, Houston, Texas 77049, and 3409 Spencer Highway, Pasadena, Texas 77504, to be eligible for membership in the credit union.

Texas Employees Credit Union (Dallas) -- To permit employees of Master Cleaning who work in or are paid or supervised from North Richland Hills, Texas, to be eligible for membership in the credit union.

Associated Credit Union of Texas (Texas City) -- To permit persons who live in, work in, worship in, or attend school in, and businesses located in Brazoria County, Texas, to be eligible for membership in the credit union.

Harlingen Area Teachers' Credit Union (Harlingen) -- To permit persons who live, work, attend school, or worship in and businesses located within a 10 mile radius of Harlingen Area Teachers' Credit Union offices located at: 2910 E. Grimes, Harlingen, TX 78550; 4321 W. Exp. 83, Harlingen, TX 78550; and 345 N. Williams Road, San Benito, TX 78586, to be eligible for membership in the credit union.

Texas Trust Credit Union (#1) (Grand Prairie) -- To permit persons who live, work, worship, or attend school in, and businesses located in Ellis County, Texas, to be eligible for membership in the credit union.

Texas Trust Credit Union (#2) (Grand Prairie) -- To permit persons who live, work, worship, or attend school in, and businesses located in Johnson County, Texas, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at <http://www.tcud.state.tx.us/applications.html>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Articles of Incorporation Change(s):

Denton Area Teachers Credit Union (Denton) -- The credit union is proposing to change its name to DATCU.

Dresser Central Credit Union (Houston) -- The credit union is proposing to change its name to Southern Star Credit Union.

Articles of Incorporation Change(s) (Continued):

MemberSource Credit Union (Houston) -- To amend its Articles of Incorporation relating to primary place of business.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.